

IRS News Release

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IRS Seeks Comments on Bilateral Safe Harbors for Certain Transfer Pricing Issues

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WASHINGTON — The Internal Revenue Service today announced it is seeking public comments regarding the development of a model memorandum of understanding between Competent Authorities on certain transfer pricing issues.

The IRS specifically seeks comments on bilateral safe harbors with regard to arm's length compensation for routine distribution functions. Such routine distribution functions are frequently an issue in transfer pricing cases.

On June 6, 2012, the Organisation for Economic Co-operation and Development (OECD) issued a discussion draft on Safe Harbours, which included draft sample memoranda of understanding on certain "low risk" functions. The IRS is seeking comments now in recognition that such safe harbors could support sound tax administration.

The IRS requests comments that are highly specific to the issues at hand, to the point of proposing text for draft model agreements involving routine distribution functions. Comments should be submitted by May 1, 2013.

All comments should be submitted electronically to: lbi.apma.comments@irs.gov

Those seeking to submit comments greater than six pages in length should mail six copies to the following address:

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